



## **Governance In-between**

### **The Role of Formal and Informal Institutions in Supporting Rural Transformation**

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## Governance In-between: The Role of Formal and Informal Institutions in Supporting Rural Transformation



### 1. Background

Tanzania's rural villages have undergone dramatic changes during the past decades. In this policy brief, these changes are presented as an important dimension of rural transformation. Many villages now contain both rural and urban characteristics: they are literally existing in-between. Overall, the brief contends that these dramatic changes necessitate new approaches to governance in order to adequately secure development and poverty reduction.

The insights presented in this policy brief are based on ten years of research into how four Tanzanian growing villages have changed in relation to rural transformation. The brief outlines how land uses in the centres of the villages, what we term the Emerging Urban Centres, have changed from mainly farming to residential purposes. And it discusses the limited capacity of local government institutions to respond to these changes and the implications for the citizens who are reliant on informal institutions.

### 2. The history of village development

The village administration, created by Tanzania's government in the 1970s, has played an important role in forming rural transformation. Formalization of the villages started with the Ujamaa policy (1967-1973) that was followed by the villagization policy (1974-1985).

Before the Ujamaa policy, Tanzania's rural settings were characterized by dispersed settlements of households living in scattered homesteads surrounded by agricultural fields. Traditional tribal lineage/clan leadership was organizing the settlements and management of resources such as land, ownership and access. Agriculture including crop production as well as livestock, hunting and gathering were the main sources of livelihood.

An important purpose of the Ujamaa and villagization policies was to support rural development and to secure modern farming and land use, the latter by the introduction of the block farming system. As administrative units, the planned villages were envisaged to facilitate access to services such as education, health,

water and communication (e.g road networks).

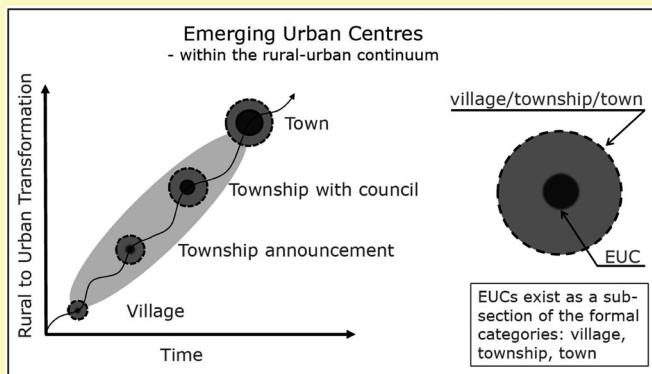
Over the past four decades, many of these villages have grown in population size and density and become centres for economic activities. Also, many villages have grown into larger settlement agglomerations, with increasing urban characteristics in otherwise rural settings.



*Madizini EUC emerging as a 'place of attraction'*

### 3. Emerging urban centers

Rural transformation has been particularly profound in rural regions suitable for commercial farming. In these regions, one or more villages have transformed rapidly from being rural villages with relatively high average population growth and growth of non-agricultural economic activities into becoming Emerging Urban Centres (EUCs). The increasing employment opportunities in both farm related and non-agricultural economic activities has attracted both local and long-distance migrants. Accordingly, the population composition of EUCs is now characterized by high social and cultural diversity, including a high representation of youth.



*Figure 1: The governance setting and development pathway of EUCs as part of rural-urban transformation*

As Figure 1 illustrates, EUCs make up subsections of the administrative categories of village, township, and town. Although most EUCs have acquired strong urban characteristics, they differ in form and administration from officially designated urban areas. This is explained by Tanzania's system of local governance where local government is divided into urban and rural authorities. Township councils are under District (rural) authorities (Local Government (District) Authorities Act of 1982). EUCs therefore continue being subject to district (rural) authority until the township status has been fully implemented.

*The rural governance framework limits the institutional support for the rural-urban transformation and economic growth potentials of EUCs*

Institutional efforts to recognize these settlements by the local government authorities include identification and designation of such places as planned areas for later formation of township authorities, which is an urban administrative unit. However, the designated areas include both the developed 'urbanized' and non-developed (rural) areas for purposes of future expansion. The underlying question here is what kind of institutional support is directed to the development of EUCs?

### 4. Land use transformation: From rural to urban

From a land use perspective, EUCs grow out of a rural village or because two or more villages grow together. How this happens depends on economic dynamics related to agricultural sector activities, in particular crop value chain developments. In the studied EUCs of Kibaigwa, Ilula, Madizini and Igowole, the development of the maize, tomato sugar cane and tea value chains respectively, have played central roles in forming the land use changes.



*Establishment of new houses in Kibaigwa, 2019*

The growing population, including incoming migrants, has further contributed to land use changes. Population growth has made it increasingly lucrative for financial and other service providers to settle in the EUCs. Here, both informal and formal service providers contribute to the service provision in EUCs, in particular in financial, health and educational services.

*The land use in EUCs changes from comprising mainly farming activities to predominantly residential occupancy and business*

Access to land has become a pressing issue in most EUCs. Figure 2 shows the expansion of urban land use into rural areas. Studies in Kibaigwa (figure 3) very well show how farm land is taken over by housing. From 2009 and 2016, the density of individual houses increased by 21%. However, the development from 2016 to 2019 is even more pronounced, as the general densification continues at the same time as the Kibaigwa EUC expands into former farmlands. Actually, the number of new houses tripled from 2016 to 2019.

Local governments' interest in land has accordingly become more prominent. More land, including agricultural land, is surveyed and converted to residential and commercial plots. Interestingly, surveyed and planned areas become associated with the conversion of land use from farm land – literally an urbanization of "rural land". This rural urbanization create tensions regarding access and ownership of land.



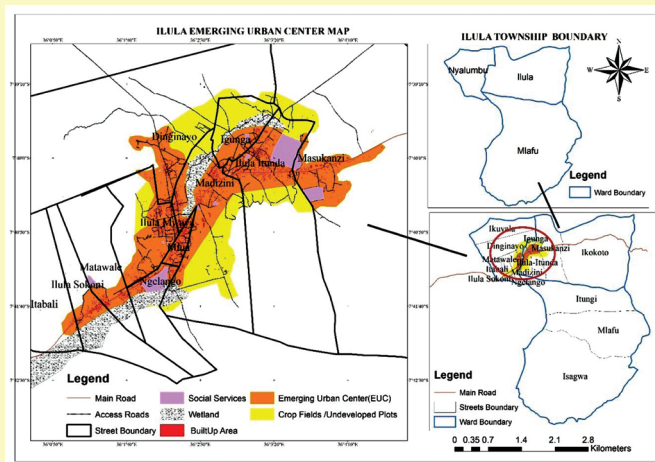


Figure 2: Map of Ilula township and EUC showing how urban land use expands into farm land (Kironyi 2020).



Shops and street-vendors in Ilula EUC

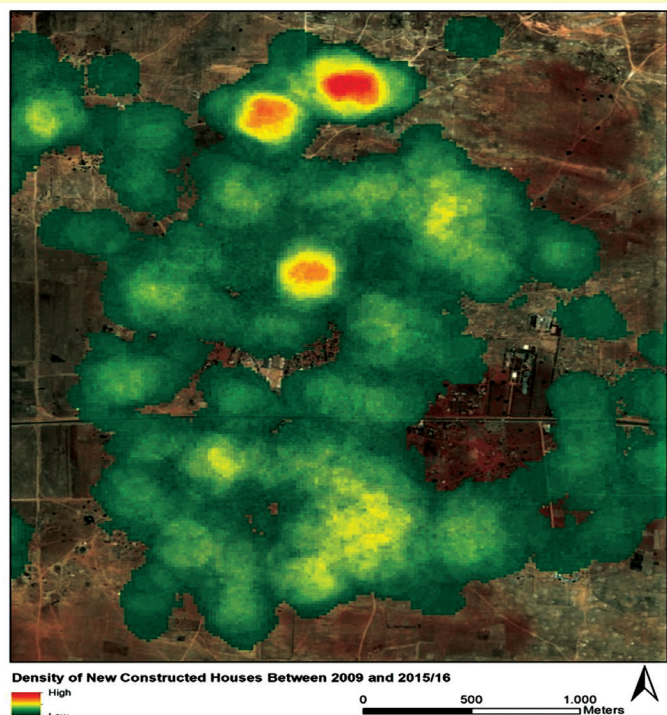
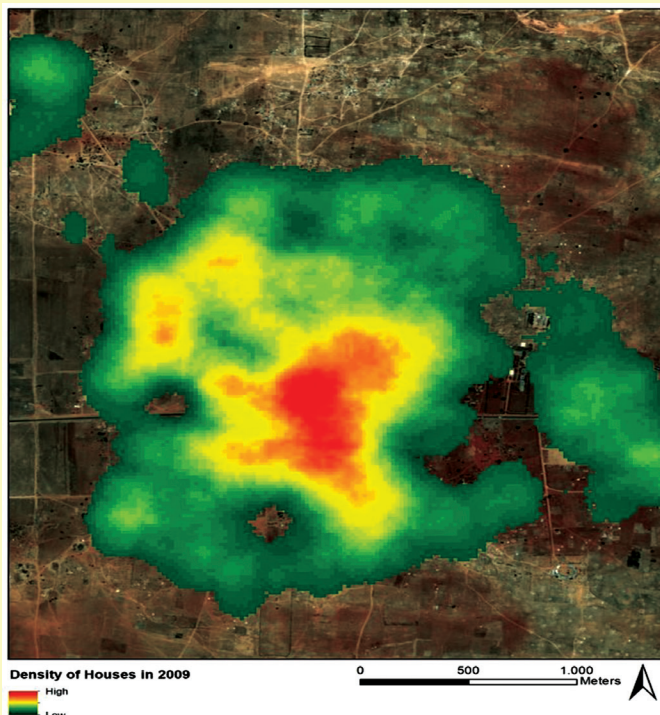


Figure 3: Densification and expansion of Kibaigwa EUC. Observed house density in 2009 (to the left) and the house density of houses constructed

Two of the EUCs (Kibaigwa and Ilula) have acquired the status of township council authority others have not. They have been declared townships in the government gazette and have implemented some of the administrative structures related to their township status. The formal conversion of land is an example of this. However, our research documents that the administration of most other services are not transferred fully to the townships. This creates a mismatch between governance practices and the administrative setup of the Local Government (District) Authorities Act of 1982 that stipulates formal institutional support for the transformation process.

Thus, we suggest that during the transformation process, the insitutional focus of EUCs should go beyond land resources: governance of domestic water resources, solid waste management and diversified livelihood opportunities, including business development and employment opportunities, are all required.

EUCs should receive institutional support that matches their increasing urban governance needs in relation to livelihoods, business development and water and waste sevicees.

## 5. Institutional challenges for development planning in Emerging Urban Centre

The growth and expansion of the four EUCs under study have been duly identified and included in an administrative process of becoming townships. The boundaries however, have expanded, and more distant (sub-)villages been included into the designated township (urban) area. Townships therefore have to govern farm land, urban expansion and urban land uses and livelihoods.

An additional challenging part of the process is the time lag between the announcement of township status to the actual administrative implementation. This creates uncertainties among residents and in some cases reduction in investments in fear of being disqualified under urban set up. Thus, the uncertainties with the associated dual character (urban and rural) of EUCs tend to reduce the initial pace of growth of economic investments and diversification of the livelihood opportunities in the EUCs.

This has negative implications not only for livelihoods and businesses in the EUCs. EUCs also provide trade center/marketing functions for residents of neighboring rural hinterlands and cities/towns. Trading in the EUCs include

exchange of both agricultural and non-agricultural goods and services. The EUCs also provide business and employment opportunities for residents of the the rural hinterland and therefore contribute to their opportunities for livelihood diversification.

In all the study sites some level of organization with regards to trade and business is evident. To a large extent, however, these are informal institutions such as traders associations. However, there are always limits to what informal institutions can provide in terms of support for growth of trade and businesses.

Formal institutional support to institutions and businesses will definitely increase the rate of growth of business opportunities. This includes support in the form of for example marketing information (within the region and beyond), organization of transportation systems, and financial services. This has the potential to enhance the growth of the non-farm economy and employment opportunities within EUCs.

*There is a need for improvements of the formal institutional support for EUC development that acknowledge their diverse needs during their embeddedness in the administrative transition from village to township*



Urban housing and living style in Ilula EUC

## 6. Development and policy implications for poverty reduction

The delays in implementation of township authority and their complex responsibilities result in severe barriers to EUCs economic consolidation and expansion. Likewise, the lack of urban governance structures limit the provision of services and welfare to the growing population.

There is a need for improvements of formal institutional support for EUC development. The transition period between the administrative village and township status is very long and during this time, EUCs are kept in-between rural and urban governance. This creates uncertainties among businesses, potential economic investors, as well as residents of EUCs and neighbouring rural hinterlands.

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**Front photo:** The busy 'hub' of Ilula at the Tanzania-Zambia highway

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### Related Readings:

Lazaro, E, Agergaard, J, Larsen, M.N., Makindara, J. and Birch-Thomsen, T. (2019). 'Urbanisation in Rural Regions: The Emergence of Urban Centres in Tanzania'. The European Journal of Development Research, 31(1): 72-94.

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